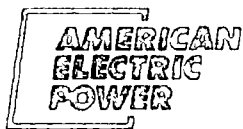


**Virginia State Corporation Commission
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Case Number (if already assigned)	PUR-2019-00157
Case Name (if known)	Application of Appalachian Power Company to decrease its fuel factor
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September 27, 2019

By Electronic Filing

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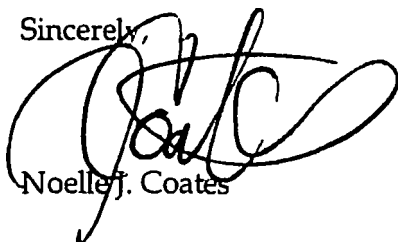
Hon. Joel H. Peck, Clerk
State Corporation Commission
Document Control Center
1300 East Main Street
Richmond, Virginia 23219

**Re: Application of Appalachian Power Company
To decrease its fuel factor pursuant to
§ 56-249.6 of the Code of Virginia
Case No. PUR-2019-00157**

Dear Mr. Peck:

Enclosed for filing is the Application of Appalachian Power Company to decrease its fuel factor pursuant to § 56-249.6 of the Code of Virginia. A Motion for Protective Ruling is being filed today under separate cover.

Sincerely,



Noelle J. Coates

Enclosure

cc: K. Beth Clowers, Esq.
Ashley B. Macko, Esq.
C. Meade Browder, Jr., Esq.
Service List

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

APPLICATION OF

APPALACHIAN POWER COMPANY

Case No. PUR-2019-00157

**To decrease its fuel factor
pursuant to Va. Code §56-249.6**

APPLICATION

Pursuant to Section 56-249.6 of the Code of Virginia and 20 VAC 5-201-80, Appalachian Power Company (“Appalachian” or “Company”) files this Application with the State Corporation Commission (“Commission”) for approval to implement a reduction of its fuel factor. Specifically, the Company proposes to reduce its current fuel factor of 2.547 ¢/kWh to 2.300 ¢/kWh effective November 1, 2019 through October 31, 2020. In support of the Application, the Company states as follows:

1. Appalachian is a Virginia public service corporation serving approximately 540,000 customers in Virginia with its main office in Charleston, West Virginia and offices at Three James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219. The Company sells electricity to retail customers in southwestern Virginia and southern West Virginia. Its Virginia jurisdictional retail rates and service are subject to regulation by the Commission. The names and addresses of the Company’s legal counsel are listed at the foot of this Application.

2. The Commission approved Appalachian's current fuel factor of 2.547¢/kWh in Case No. PUR-2018-00153, and it has been in effect since November 1, 2018.¹

3. On September 13, 2019, Appalachian filed an application to continue the current fuel factor, accompanied by the information required by Rule 20 VAC 5-201-80- B (the "Appendices"). After subsequent conversations with Commission Staff, the Company filed the direct testimony of Eleanor K. Keeton requesting a decrease in the fuel factor. After additional conversations, the Company is filing this Application in a new docket, which supports the Company's request.

4. As Ms. Keeton describes, the implementation of the proposed fuel factor will produce an estimated annual net decrease of approximately \$34 million, which is three percent below current revenues.

5. The Company's projections for fuel costs continue to reflect an offset to projected fuel costs for 75% of the Company's projected off-system sales margins for the fuel year pursuant to Virginia Code § 56-249.6 D 1. In addition, the projections credit against fuel costs 100% of the financial transmission rights received through PJM auction revenue rights and 100% of transmission line loss margins rather than reflecting either of them in lower off-system sales margin credits at 75%.

6. The Company's fuel projections also reflect recovery of the non-incremental costs of wind power purchase contracts. The projected non-incremental costs of Appalachian's wind power purchases, including the Bluff Point Renewable Energy Purchase Agreement beginning in

¹ Order Establishing 2018-2019 Fuel Factor, *Application of Appalachian Power Company To revise its Fuel Factor*, Case No. PUR-2018-00153, Doc. Con. Cen. No. 190350121 (March 25, 2019).

January 2018, were developed using the methodology adopted by the Commission in Case No. PUE-2015-00034.²

7. The Appendices and Ms. Keeton's testimony, which were filed in Case No. PUR-2018-00153, provide the evidentiary support for this Application. Although it is the Company's understanding that the Appendices and Ms. Keeton's testimony have been moved to this docket, Case No. PUR-2019-00157, the Company formally requests that these documents be moved and that they be incorporated into this Application.

8. The September 13 filing contained confidential and/or proprietary information. Appalachian is filing a Motion for Protective Ruling and accompanying proposed Protective Ruling contemporaneously with this Application.

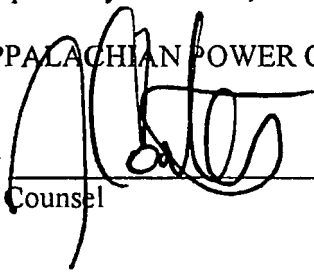
WHEREFORE the Company respectfully requests that the Commission issue an order that authorizes the implementation of a revised fuel factor of 2.300 ¢/kWh effective for service rendered November 1, 2019 through October 31, 2020, and that grants such other or further relief as may be necessary or appropriate to effect the intent of this Application, including the move and incorporation of the Appendices, filed September 13, 2019, and Direct Testimony of Eleanor K. Keeton, filed September 17, 2019, into this docket, as necessary.

² Final Order, *Petition of Appalachian Power Company, for approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUE-2015-00034 (Nov. 16, 2015).

September 27, 2019

Respectfully submitted,

APPALACHIAN POWER COMPANY

By 
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CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of September 2019 a true copy of the foregoing Application of Appalachian Power Company was delivered by hand, electronic mail or mailed, first-class, postage prepaid, to the following:

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